

SECURITY AGREEMENT: RIGHTS TO PAYMENT

As an inducement to CALIFORNIA CANADIAN BANK (Secured Party, hereinafter called Bank) to extend and continue credit to the undersigned, or any of them (Debtor), and as security for the payment of all sums due or to become due or owing by Debtor to Bank, Debtor:

1. Transfers to Bank a security interest in the following accounts, contract rights, chattel paper, general intangibles, instruments or other rights to payment:

---One (1) new 100 Ton, Roller Bearing Trucks, 21,000 Gallon, Class 111-A-100-W-1 slope bottom Tank Car equipped with sixteen (16) lines of interior coils and with stub sills; marked LUCX 1001---

6483

RECORDATION NO. _____ Filed & Recorded

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INTERSTATE COMMERCE COMMISSION

and all securities, guaranties, warranties, indemnity agreements, maintenance agreements, insurance policies and other agreements pertaining to the same or the property described therein, and all proceeds thereof.

2. Debtor warrants that:

(a) the rights to payment above described are genuine and what they purport to be, that the parties thereto are bound in accordance with the terms thereof, and that the same are free from default.

(b) Debtor has good and marketable title to said rights to payment and the right to transfer the same to Bank and has not previously assigned or encumbered the same and the same are now free and clear of any adverse claim or encumbrance.

3. Debtor will receive as trustee for Bank and immediately endorse as appropriate and deliver in kind to Bank without commingling any monies, instruments, chattel paper or other proceeds or property which may be paid or returned to Debtor under said rights to payment.

4. Debtor will perform all of its obligations, if any, under said rights to payment.

5. Debtor hereby constitutes and appoints Bank as its true attorney in fact but without obligation to do so; to demand, receive and enforce payments; to give receipts, releases and satisfactions for, and to sue for, all monies owing under said rights to payment; to take, receive, endorse and collect all instruments for the payment of money issued under rights to payment assigned hereunder; to make extension agreements with respect to the rights to payment assigned hereunder, release persons liable thereon or securities for the payment thereof, compromise disputes in connection therewith, all provided that Bank acts in the good faith belief that such actions will not materially increase the risk of nonpayment thereof. Bank shall only be accountable for such sums as are actually received by it.

6. Bank may in its name or in the name of Debtor prepare, execute and file or record financing statements, continuation statements, termination statements, applications for registration, and like papers, to perfect, preserve or release the rights evidenced by said rights to payment or by this agreement, and may endorse and deliver evidences of title incidental thereto, and may, without obligation so to do, perform any obligation of Debtor hereunder.

7. Bank may make, adjust and receive payment under insurance claims, claims for breach of warranty, and the like, in connection with the rights to payment assigned hereunder.

8. Debtor will pay all costs and expenses, including reasonable attorneys' fees, incurred by Bank in the preservation, realization, enforcement and exercise of the rights, powers, remedies and collateral of Bank and obligations of Debtor hereunder.

9. Bank does not assume and shall not be subject to any obligation or liability under any agreement the Rights to Payment of which are assigned hereunder.

10. It is agreed that sales, for cash or on credit, to a wholesaler, retailer or user of collateral of types for which such markets exist, or at public or private auction, are all commercially reasonable since differences in the sales prices generally realized in the different kinds of sales are ordinarily offset by the differences in the costs and credit risks of such sales.

11. The following shall be events of default hereunder: Failure to pay any debt secured hereby when due; failure to perform any obligations secured hereby when the same should be performed; breach of any warranty contained herein; filing of a petition by or against Debtor under the bankruptcy or like law; receivership; or assignment for the benefit of creditors; attachment or like levy on any property of Debtor; the occurrence of an adverse change in the financial condition of Debtor deemed material by Bank; any financial statement by Debtor to Bank proves false; the collateral becomes, in the judgement of Bank, unsatisfactory in character or values; the death, insolvency or cessation of the business of Debtor, or any surety or guarantor of Debtor's obligations; or the occurrence of any sale of all or a substantial part of Debtor's assets other than in the ordinary course of business.

12. Upon the occurrence of any event of default, Bank shall have the right to declare immediately due and payable all or any indebtedness secured hereby and to terminate any commitments to make loans or otherwise extend credit to Debtor; Bank shall have all other rights, privileges, powers and remedies provided by law; the rights, privileges, powers and remedies of Bank shall be cumulative; no single or partial exercise of any of them shall preclude the further or other exercise of the same or any other of them.

13. Debtor warrants that his chief place of business and office at which his records concerning accounts and contract rights are kept are as follows: 13229 C Fiji Way, Marina del Rey, California 90291

NOTICE OF ASSIGNMENT

To:

Gentlemen:

The Security Agreement on the reverse has been executed and delivered to us by the Debtor named, granting to this Bank the right to receive payment and all other proceeds as indicated therein. Please make all payments and deliver any other proceeds to us at this office.

Please acknowledge receipt of this notice and tell us if you have received any prior notice of assignment and if you have any reason to refuse to make the payments and deliver any other proceeds to us under the items in question. A form of receipt for this purpose is provided below and a return envelope is enclosed for your use.

Very truly yours,

CALIFORNIA CANADIAN BANK

By: _____

Its _____

At _____

(address)

RECEIPT

To: **CALIFORNIA CANADIAN BANK**

RECEIPT IS ACKNOWLEDGED of the foregoing Notice and Security Agreement. We have no notice of any other assignments or claims, and have no reason to refuse to make payments and deliver other proceeds to you except as noted below:

(Here note any exceptions)

Dated: _____

By _____

6488

(Individual)

STATE OF CALIFORNIA

COUNTY OF Los Angeles

} SS.

On December 30, 1971 before me, the under-
signed, a Notary Public in and for said County and State, personally
appeared Lucille J. Boston

STAPLE HERE ↑

....., known to me
....., whose name subscribed to the within
..... executed the same.



ROBERT THROWER
NOTARY PUBLIC - CALIFORNIA
OFFICIAL OFFICE IN
LOS ANGELES COUNTY

Robert Thrower

My Commission Expires December 31, 1977
Notary Public in and for said County and State